

January 28, 2010

Albertans to benefit from reduced prices for existing generic drugs

New price becomes effective April 1

Edmonton ... The Government of Alberta has taken another step to reduce generic drug costs. Effective April 1, the price of currently available or existing generic drugs will be reduced from 75 per cent to 56 per cent of the price of comparable brand name drugs. Existing generic drugs are generic drugs already included on our Alberta Drug Benefit List as of October 1, 2009.

"Last fall we reduced the price of **new** generic drugs and promised we would also reduce the costs of **existing** generic drugs - and that's what we've done," said Alberta Health and Wellness Minister Gene Zwozdesky. "After extensive consultations and negotiations with many pharmacy stakeholders, we have a deal - lower generic drug prices for Albertans! This deal also means significant cost savings for our Government."

Reducing generic drug prices is part of phase two of the Alberta Pharmaceutical Strategy, which was announced in October 2009. At that time, the price of **new** generic drugs was reduced from 75 per cent to 45 per cent of the price of comparable brand name drugs. A new generic drug is any generic drug added to the Alberta Drug Benefit List after October 1, 2009.

Phase two of the Alberta Pharmaceutical Strategy also includes additional compensation for pharmacists to perform expanded services such as patient consultations, medication reviews and immunizations. This will allow pharmacists to better meet the needs of their patients.

"Pharmacists play an integral role in the health of the communities they serve. Having grown up in rural Alberta, I am also aware of the issues that rural pharmacists face in some of our smaller communities," added Zwozdesky. "Therefore, we will work with all of our stakeholders to ensure pharmacies remain an important part of Alberta's health care system."

In addition, phase two enables Alberta to negotiate contracts with brand name drug manufacturers to reduce costs through volume discounts, provide faster access to new, innovative drugs and help fund health research.

The Alberta government has a clear plan for a strong economic recovery. An important part of *The Way Forward* is maintaining support for programs and services Albertans need most, such as health care, education and safe and vibrant communities. For more information on the plan, visit Alberta.ca.

Backgrounders: Questions and answers, generic drug price reductions; statistics

Media inquiries may be directed to:

Gene Zwozdesky, Minister
Health and Wellness
780-446-1144 (cell)

Andy Weiler
Health and Wellness Communications
780-719-9325 (cell)

January 28, 2010

Questions and answers Generic drug price reductions

1. Will all Albertans benefit from this reduced price or is it only available to government?

All Albertans will save money on the cost of their generic prescription drugs.

2. How did government determine this price?

The pharmacy industry indicated it had some concerns with reductions to generic drug prices. Government met with several representatives from the Alberta Pharmacists' Association and the Canadian Association of Chain Drug Stores to discuss these concerns and an appropriate price reduction.

3. Why wasn't the price of existing generic drugs reduced to 45 per cent, which is the price of new generic drugs?

Government recognizes that reducing the price of generic drugs will impact revenues of pharmacy businesses. At the same time, government acknowledges the need to reduce rising prescription drug costs. This reduction strikes a balance between maintaining the financial viability of pharmacies, particularly those in rural and remote areas, and reducing drug costs.

4. If this change will affect their revenue, what are you doing to help pharmacies?

Many pharmacies are currently providing services for which they are not paid. Government is working with pharmacy representatives to develop a new payment model that will reimburse them for providing expanded professional services, such as patient consultations, medication reviews and immunizations. This new payment model will be introduced later this year.

In the meantime, government is providing \$75 million over three years to help pharmacies during this transition:

- All pharmacies will receive a transitional allowance that will be added to each prescription less than \$75. Through the transitional allowance government will provide additional payments to pharmacies on top of their current \$10.93 dispensing fee for prescriptions less than \$75:
 - \$3 per prescription (\$13.93) from April 1, 2010 through March 31, 2011
 - \$2 per prescription (\$12.93) from April 1, 2011 through March 31, 2012
 - \$1 per prescription (\$11.93) from April 1, 2012 through March 31, 2013
- Rural and remote pharmacies will be eligible for additional funding based on criteria such as proximity to an urban centre and number of pharmacies in the community. Government has established a \$5 million fund for this purpose.

5. When will the new payment model for expanded services be announced?

The new payment model will be announced later this year after a pilot project has been completed and evaluated and discussions with the pharmacy sector have concluded. The pilot

project has been underway for almost one year and involves over 100 community-based pharmacies and 190 pharmacists.

6. Will government still save \$100 million as a result of generic drug price reductions?

Government still anticipates saving about \$100 million through reduced new and existing generic drug prices as well as through other related cost saving initiatives contained in the pharmaceutical strategy, such as being able to list new generic drugs faster after they have been approved by Health Canada.

-30-

Media inquiries may be directed to:

Gene Zwozdesky, Minister
Health and Wellness
780-446-1144 (cell)

Andy Weiler
Health and Wellness Communications
780-719-9325 (cell)

January 28, 2010

Statistics

- Albertans spend about \$2.3 billion annually on drugs.
- In 2008-09, government drug spending totaled \$1.3 billion.
- Prior to the Alberta Pharmaceutical Strategy, Alberta had among the highest generic drug prices in Canada.
- Brand name drugs account for about 65 per cent of drug costs within Alberta Health and Wellness drug programs. Generic drugs account for the remaining 35 per cent of drug costs.
- Prices for brand name drugs are set internationally and monitored federally.
- Prices for generic drugs are set by the provinces.
- Over the past 27 years, total drug spending in Alberta (both public and private) has increased two times faster than physician spending, nearly three times faster than hospital spending, more than five times faster than Government of Alberta revenue, and more than 11 times faster than the Consumer Price Index for Canada.
- More than 900 pharmacies operate in Alberta. About 48 per cent are chain, banner or franchise drugstores, 30 per cent are grocery store pharmacies and 22 per cent are independent pharmacies.
- There are about 3,800 practising pharmacists in Alberta.
- Alberta pharmacists have the broadest scope of practice or offer the most services to their patients anywhere in Canada.
- About 37 million prescriptions are filled in Alberta every year.

-30-

Media inquiries may be directed to:

Gene Zwozdesky, Minister
Health and Wellness
780-446-1144 (cell)

Andy Weiler
Health and Wellness Communications
780-719-9325 (cell)

[Alberta Government](#) | [Newsroom](#) | [Ministries Listing](#) | [Health and Wellness Home Page](#) | [News Releases](#) | [Top of Page](#) |

[Send us your comments or questions](#)

Copyright(©) 2010 Government of Alberta